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IN THE

Supreme Court of the United States

CUOZZO SPEED TECHNOLOGIES, LLC,
Petitioner,

v

MICHELLE K. LEE, UNDER SECRETARY OF COMMERCE FOR INTELLECTUAL PROPERTY AND DIRECTOR, PATENT AND TRADEMARK OFFICE,
Respondent.

On Petition for a Writ of Certiorari
to the United States Court of Appeals
for the Federal Circuit

BRIEF OF *AMICUS CURIAE* BIOTECHNOLOGY INDUSTRY ORGANIZATION SUPPORTING PETITIONER

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INTEREST OF THE *AMICUS CURIAE*[1]

The Biotechnology Industry Organization ("BIO") is the principal trade association representing the biotechnology industry domestically and abroad. BIO has more than 1,100 members, which span the for-profit and non-profit sectors and range from small startup companies and biotechnology centers to research universities and Fortune 500 companies. Approximately 90% of BIO's corporate members are small or mid-size businesses that have annual revenues of under $25 million.

Because modern biotechnological products commonly involve lengthy, expensive, and resource-intensive development periods, BIO's members depend heavily on a strong, stable, and nationally uniform system of patent rights and protections. Without the promise of effective patent rights, these investments would be far more difficult—if not impossible—to undertake. Many BIO members devote years of effort and many millions of dollars to developing an innovation protected by a single patent, leaving BIO members especially vulnerable to misapplication of the standards that lead to patent invalidation.

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[1] All parties have consented to the filing of this brief. Petitioner's consent is on file with the Clerk; respondent's written consent is submitted with this brief. BIO provided notice of its intent to file this brief on November 2, 2015. No counsel for a party authored any part of this brief, and no such counsel or party made a monetary contribution intended to fund the preparation or submission of this brief. No person other than *amicus curiae*, its members, or its counsel made a monetary contribution to the brief's preparation or submission.

This case concerns *inter partes* review (IPR) proceedings before the Patent Trial and Appeal Board (PTAB), which allow the PTAB to invalidate patents on certain grounds—even patents issued many years ago and upheld by the courts. Since Congress created IPRs in the Leahy-Smith America Invents Act (AIA), the PTAB has begun re-reviewing patents from every discipline, including biotechnology patents. The PTAB has liberally construed the limitations on its jurisdiction to permit it to institute IPRs even in doubtful cases. And at present, most patents that enter an IPR do not survive; current statistics show that a patent is systematically more likely to be found invalid by the PTAB compared to U.S. district courts. Likewise, the IPR proceeding invalidates patent claims at a higher rate than previous or alternative administrative patent challenge proceedings in the USPTO. Clearly, the PTAB is invalidating patents at an extraordinary rate.

The questions presented in this case affect two of the foundational legal conclusions that have allowed the PTAB, even in a relatively short time, to cut a remarkable swath through the ranks of issued patents with barely a light tap on the brakes by the Federal Circuit. First, the Federal Circuit has held that the Patent Trial and Appeal Board (PTAB) may invalidate patents by construing their claims in a way that would never be used in an infringement case in district court, and then finding that artificially broad interpretation too broad to be patentable. Second, the Federal Circuit has held that the PTAB may invalidate patents in an IPR without any court ever being permitted to review whether the PTAB has violated the procedural limitations on its cancellation authority that Congress wrote into the America Invents Act. BIO and its membership

have a substantial interest in the Court's resolution of those questions.

SUMMARY OF ARGUMENT

A. The "broadest reasonable interpretation" standard is one reason why the PTAB has been invalidating patents at an alarming pace. Under that standard, the PTAB can adopt a broad construction, one that no patentee could hope to enforce in a district-court infringement action—and then invalidate the patent because it reaches too broadly and runs into the prior art. That standard has no place in an IPR proceeding, and this Court should review it now before many more patents fall before the scythe.

The PTO's main justification for the standard has been that patent reexaminations use it; patent reexaminations allow the patentee to amend the claims to fix any problems, and the PTO has emphasized that in theory IPRs permit amendment as well. But the opportunity to amend is illusory: the statute limits the opportunity, and the PTO has choked it off through rulemaking and decisional law. Severed from the opportunity to amend, the broadest-reasonable-interpretations standard makes no sense—except as a way to invalidate patents.

Of course, Congress never gave the PTO any power to make up new ways to invalidate patents. But that dangerous authority is just what the Federal Circuit has now given the PTO: the decision below equates the PTO's power to write procedures for IPRs with the power to *change the outcome* of IPRs by choosing the claim-construction standard. That is license to the PTAB to begin ignoring this Court's interpretations of the Patent Act and using IPRs to rewrite patent law

more broadly. This Court should disapprove that reasoning immediately, before it harms the incentive to innovate any further.

B. The Federal Circuit's abdication of judicial review is a separate and independently sufficient ground for certiorari. The court of appeals held that it cannot review the PTAB's compliance with basic limitations on its authority. But those procedural limitations become all the more important in light of the substantive powers the PTAB now enjoys because of the Federal Circuit's answer to the first question presented. And those procedural limitations will be honored only in the breach if there is no judicial review.

This case involves one such limitation, but there are many others, including a statutory time limit on the filing of an IPR petition. The PTAB has already begun to construe those limitations in a generous way—generous to its own authority, that is. And litigants have no way to challenge the PTAB's interpretations, because even after a final judgment cancelling a patent, the Federal Circuit simply will not opine on whether the PTAB proceedings were *ultra vires* on various grounds spelled out in the statute.

The procedural limitation at issue in this case is just one of many that are implicated by the Federal Circuit's no-judicial-review holding, but it is an important one in its own right and makes this case a suitable vehicle. The PTAB is not supposed to make up its own grounds for instituting review; it is supposed to focus on grounds stated in the petition. But in this case, the PTAB mixed and matched, instituting an IPR on grounds different from the petition. That is exactly the kind of agency overreach

that is to be expected when the agency expects to operate without judicial oversight. This Court should act speedily to remind the agency that its actions can and will be reviewed by independent, life-tenured judges who do not work for the PTO.

ARGUMENT

A. The Patent Trial And Appeal Board's Use Of A Fundamentally Incorrect Standard Of Claim Construction Is A Basic And Foundational Error That Requires This Court's Immediate Review.

The "broadest reasonable interpretation" standard of claim construction is one key reason why proceeding before the PTAB instead of a district court can be outcome-determinative. Both the PTAB and the district courts can be tasked with answering the same fundamental question—is a patent invalid? Indeed, most IPRs occur while parallel litigation is pending in district court,[2] meaning that the same grounds for invalidating the same patent claims may be litigated by the same parties at the same time—in two different places. This case presents the question whether the Patent and Trademark Office (PTO) can configure IPRs so that, despite all those similarities, they produce a different answer than the district court will.

That question is surpassingly important and is ready for this Court's immediate review, for two key

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[2] One survey estimates that, as of June 30, 2015, 83.4% of IPR proceedings have concurrent litigation in district court. Fitzpatrick, Cella, Harper & Scinto, *Just the Stats: Percentage of IPRs With a Concurrent Litigation*, http://www.postgranthq.com/statistics/scatter-plot-of-claims-found-unpatentable-in-final-decisions-from-fchs-data/ (last visited Nov. 3, 2015).

reasons: First, when the PTO adopted this standard for IPRs, it already knew from experience that its choice would produce outcomes different from district courts—as to claim construction, and thus as to patent invalidation as well. There is no need for further empirical proof—but if there were, the PTAB's invalidation rate in IPRs amply provides it. And second, the fig-leaf justification for the choice of standard—that in theory a patentee can amend its patent during an IPR to fix a problematic claim construction identified by the tribunal, whereas it cannot do that in district court—is proving to be no justification at all, because the PTAB has resolutely refused to permit such amendments.

Thus, it is now abundantly clear that the PTO has consciously adopted a standard that allows it to issue patents that the courts would uphold—only later to strike down those same patents through a process that deprives the patentees of the chance to fix the supposed problem. No further developments are required to make that standard cert-worthy. More percolation will just mean more patent cancellations—more patents that, if this Court waits to take the issue, will already be beyond resurrection once the Court finally does review and reverse the Federal Circuit.

1. The Choice Of Claim-Construction Standard Can Determine Whether A Patent Claim Is Held Invalid.

At present, district courts and the PTAB each apply their own standard in determining what a patent claim says. District courts strive to give "the words of a claim their ordinary and customary meaning," *Phillips* v. *AWH Corp.*, 415 F.3d 1303, 1312 (Fed. Cir. 2005), ultimately applying "the construction that stays

true to the claim language and most naturally aligns with the patent's description of the invention," *In re Papst Licensing Digital Camera Patent Litig.*, 778 F.3d 1255, 1261 (Fed. Cir. 2015) (citation, quotation marks, and internal modifications omitted). In contrast, the PTAB uses the "broadest reasonable construction" of a claim in IPR proceedings. 37 C.F.R. § 42.100(b). That is the standard developed for use in patent *examinations* and *re-examinations*, where an applicant that receives a rejection of an overly broad claim can narrow it and continue the examination process.

The PTAB's decision to use the broadest-reasonable-interpretation standard in IPR proceedings, which are not examinations but *adjudications*, is fundamentally unsound. It has already had significant consequences for patentees, as the PTAB's choice in claim-construction standard has resulted in unprecedented levels of claim invalidation.

The divergent standards can yield dramatically different results. *In re Swanson*, 540 F.3d 1368 (Fed. Cir. 2008), provides one anecdotal example from the reexamination context of how this is so. In *Swanson*, a jury made special findings disagreeing with a party's assertion that two claims of a patent were invalid. *See id.* at 1373. Having lost in district court, the challenging party requested reexamination of the patent before the PTO, raising "substantial new question[s] of patentability" that were, in fact, the same grounds raised in district court. *Id.* The examiner rejected the claims as invalid. *Id.* The Federal Circuit affirmed the PTO's decision, explaining that "the two forums take different approaches in determining validity and on the same evidence could

quite correctly come to different conclusions." *Id.* at 1377 (citation and internal quotation marks omitted).

That is already proving true in IPRs as well: the PTAB construes a term to give it the "broadest reasonable interpretation," even though the patentee seeks a narrower construction; then, having given the patentee more than it wants, the PTAB takes it all away, because the broadest reasonable interpretation is anticipated or obvious. *See, e.g.*, *Zimmer Holdings, Inc. v. Bonutti Skeletal Innovations LLC*, No. IPR2014-00191, 2015 WL 2268207, at *6-*7, *11 (PTAB May 12, 2015) (applying the "broadest reasonable construction" of a claim term, which excluded an element (rotation about a fixed or single axis) that the patentee contended should be included, and then finding the claim anticipated because it lacked that same element).

Anecdotes aside, the effects of the PTAB's aggressive approach already can be seen in the Board's short-lived history. As of June 30, 2015, 4,827 of 5,783 instituted claims (83.5%) had been declared unpatentable or canceled, while only 956 (16.5%) claims had been upheld.[3] Parties seeking to invalidate a claim under 35 U.S.C. § 102 succeeded 40.3% of the time in IPR proceedings,[4] compared to the 31.1% success rate parties enjoyed in comparable district

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[3] Fitzpatrick, Cella, Harper & Scinto, *Just the Stats: IPR: Survival Rate of Instituted Claims*, http://www.postgranthq.com/statistics/our-tech-breakdown-of-final-decisions-using-fchs-data/ (last visited Nov. 3, 2015).

[4] Fitzpatrick, Cella, Harper & Scinto, *Just the Stats: IPR: Breakdown of Unpatentability Findings in Final Decisions Relative to Claims Challenged*, http://www.postgranthq.com/statistics/ipr-breakdown-of-unpatentability-findings-in-final-decisions-relative-to-claims-challenged/ (last visited Nov. 3, 2015).

court cases between 2008 and 2009.[5] As for invalidation attempts brought under 35 U.S.C. § 103, challengers had a 59.8% success rate in IPR proceedings,[6] compared to 27.8% in district court.[7] Without the Court's intervention, the PTAB's harsh decisional standard will continue to wipe out patents on grounds that would be insufficient to support their invalidation in district court. To permit such application of disparate legal standards in different fora only serves to further undermine public confidence in the patent system. And nothing could be worse for investment in innovation. No rational business would be able to commit funding, time, and other resources to the development of innovative products when the patents protecting these innovations could be found valid or invalid depending on the forum in which they are challenged.

2. The Broadest-Reasonable-Interpretation Standard Is Incompatible With The Nature Of IPR Proceedings.

The broadest-reasonable-interpretation standard is traditionally used in patent examination, a fluid context in which pending claims "can be amended, ambiguities recognized, scope and breadth of language explored, and clarification imposed." *In re Zletz*, 893 F.2d 319, 321 (Fed. Cir. 1989). Patent applicants can willingly accept a tradeoff of risk and

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[5] John R. Allison et al., *Understanding the Realities of Modern Patent Litigation*, 92 Tex. L. Rev. 1769, 1787 (2014).

[6] *See Breakdown of Unpatentability Findings*, *supra* note 4.

[7] *See* Allison, *supra* note 5, at 1787.

reward—the broader the construction, the broader the exclusivity, but also the greater the risk of anticipation or obviousness. By contrast, once there is no tradeoff—once the patent has expired and can no longer be amended—the PTAB no longer uses the broadest-reasonable-interpretation standard. Pet. App. 14a n.6.

When the broadest-reasonable-interpretation standard is used in IPR, just as when it is used in reexamining an expired patent, there is no tradeoff; the standard gives patent owners nothing. That is because the IPR setting is not like the fluid reexamination process, but instead is "cabined," as the Federal Circuit recognized. Pet. App. 83a. If a patentee manages to prevail in an IPR proceeding, the broad claim scope used by the PTAB will not be of any further benefit, because the PTAB does not rule on infringement and the PTAB's claim construction would have no application in an infringement proceeding in district court—not even a proceeding between the same parties. The only effect of the broader standard is to increase the chances that the patent will be found invalid, on the theory that (broadly construed) the prior art anticipates it or makes it obvious. Put differently, the dual standard works against a patent owner in both fora—the patentee must prove patent infringement under the district court's narrower, more particularized claim construction standard, while defending the patent's validity under the PTAB's more sweeping standard.

The PTAB and the splintered Federal Circuit have given only one rationale in defense of using the broadest-reasonable-interpretation standard in this context: the notion that the claim-amendment process in IPR proceedings, even though extremely limited, is

still a sufficient substitute for the fluidity of patent examination.[8] But as the PTAB itself has recognized, that is not true.[9] As the Federal Circuit acknowledged when it observed that the "opportunity to amend is cabined in the IPR setting," Pet. App. 83a, Congress and the PTAB have imposed significant limitations on when a motion to amend a claim may be filed.[10] And what the Federal Circuit failed to recognize in the decision below is that the PTAB has imposed an additional set of evidentiary burdens that make amendments in the IPR process largely impossible to obtain.[11] The statistics bear this out—of the 86 motions to amend filed in IPR proceedings as of June 30, 2015, *five* have been granted.[12] Of the 442 claims

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[8] *See* Pet. App. 83a ("Although the opportunity to amend is cabined in the IPR setting, it is thus nonetheless available."); Amendments to the Rules of Practice for Trials Before the Patent Trial and Appeal Board, 80 Fed. Reg. 50,720, 50,722 (Aug. 20, 2015) ("[T]he Office will continue to apply a broadest reasonable interpretation standard because at the time that a petition is filed in each of those scenarios, the patent owner's ability to amend remains available.").

[9] *See Idle Free Sys., Inc. v. Bergstrom, Inc.*, No. IPR2012-00027, 2013 WL 5947697, at *4 (PTAB June 11, 2013) ("An *inter partes* review is more adjudicatory than examinational, in nature. If a patent owner desires a complete remodeling of its claim structure according to a different strategy, it may do so in another type of proceeding before the Office. An *inter partes* review is neither a patent examination nor a patent reexamination.").

[10] *See* 35 U.S.C. § 316(d)(3); 37 C.F.R. § 42.221(a).

[11] *E.g., Idle Free*, 2013 WL 5947697, at *4-*5 (outlining the requirements of a motion to amend); *see also* 80 Fed. Reg. at 50,724 (listing five cases as PTAB decisions that provide "further guidance" on motions to amend).

[12] *See Reg Synthetic Fuels LLC v. Neste Oil OYJ*, No. IPR2014-00192, 2015 WL 3609359 (PTAB June 5, 2015); *Chi. Mercantile*

for which amendment was sought, the PTAB allowed amendment for just 27 claims.[13] And 19 of the 27 were amendments asserted by the Government and unopposed by the other party.[14] Moreover, these numbers do not account for the countless parties discouraged by the PTAB's impossibly high bar for amendment.

3. The Federal Circuit Accepted The PTO's Rationale Without Meaningfully Considering The Statutory Limits On The PTO's Authority

The Federal Circuit's two rationales for approving the broadest-reasonable-interpretation standard are unavailing. The first rationale treats Congress as having tightly restricted the PTAB, somehow *demanding* (through absolute silence) that it borrow an ill-fitting standard used in other, different proceedings. Contradictorily, the second rationale treats Congress as having given the PTAB unprecedented power—to

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Exch., Inc. v. 5th Market, Inc., No. CBM2013-00027 (PTAB Mar. 23, 2015); *Riverbed Tech., Inc. v. Silver Peak Sys., Inc.*, Nos. IPR2013-00402, IPR2013-00403, 2014 WL 7405745, 2014 WL 7405746 (PTAB Dec. 30, 2014); *Int'l Flavors and Fragrances, Inc. v. U.S. Dep't of Agric.*, No. IPR2013-00124, 2014 WL 2120542 (PTAB May 20, 2014); *see also* Fitzpatrick, Cella, Harper & Scinto, *Just the Stats: IPR: Decisions on Requests to Amend the Claims*, http://www.postgranthq.com/statistics/ipr-decisions-on-requests-to-amend-the-claims/ (last visited Nov. 3, 2015).

[13] Fitzpatrick, Cella, Harper & Scinto, *Just the Stats: IPR: Number of Claims Amended/Denied Amendment*, http://www.postgranthq.com/statistics/ipr-number-of-claims-amendeddenied-amendment/ (last visited Nov. 3, 2015).

[14] *Int'l Flavors and Fragrances, Inc. v. U.S. Dep't of Agric.*, No. IPR2013-00124, 2014 WL 2120542 (PTAB May 20, 2014).

make up new substantive patent law and not just procedure. The first one is erroneous; the second one is also truly dangerous, and heightens the need for this Court's review.

a. The first theory, that Congress silently compelled the PTAB to follow the broadest-reasonable-interpretation standard in IPRs (Pet. App. 15a-18a) makes no sense. Even if the broadest-reasonable-interpretation standard were the only standard the PTAB had ever used in reexaminations—and it is not—that would not mean that Congress by its silence directed the PTAB to apply that same standard in the newly fashioned IPR proceedings. IPRs are simply different. And the differences are salient: because of the stringent limitations on amending the patent in an IPR, those proceedings resemble not the proceedings the Federal Circuit cited, in which amendment is available, but to reexaminations *after expiration*, for which the PTAB had long applied the same standard used in district court. Pet. 25; Pet. App. 14a n.6.

b. The second theory would mark a truly remarkable shift in the power to write patent law. The Federal Circuit has long held that the PTO and its administrative tribunals have no substantive power over patent law. *Brand v. Miller*, 487 F.3d 862, 869 n.3 (Fed. Cir. 2007) ("[T]he [PTAB] does not earn Chevron deference on questions of substantive patent law."). Rather, Congress makes those policy judgments, in statutes interpreted by this Court. Consistent with that historic practice, the IPR statute likewise directs the PTAB to determine the "patentability" of particular claims, 35 U.S.C. § 318(a)—that is, to decide whether they comport with the patent law Congress wrote, not

to decide whether the PTAB thinks they should be patentable.

The Federal Circuit credited the incredible assertion that, in authorizing the PTO to promulgate regulations "establishing and governing inter partes review," 35 U.S.C. § 316(a)(4), Congress suddenly abdicated its power to decide what is patentable. The Federal Circuit said that the PTO now has power over anything that "affects" IPR proceedings, and decisions whether to institute them. Pet. App. 18a-19a.

That reasoning is surpassingly broad and is an independent ground for this Court's review. The Federal Circuit seemed to conclude that the PTO could make rules that make invalidation of a patent more likely—and that those rules are valid because they would "affect" the outcome of an IPR. Pet. App. 18a-19a. That circular logic could allow the PTO to rewrite the substantive law of obviousness or anticipation; why should the PTAB feel compelled to follow this Court's decisions interpreting those provisions of the Patent Act?

That outcome may seem clearly wrong, yet it is indistinguishable from what happened here. The Federal Circuit held that Congress gave the PTAB power to substantively reinterpret a patent; to do so in a way that causes the patent to become invalid; and to ignore even the settled judicial construction of that same patent.

In enacting a law designed to promote and protect innovation, Congress could not have intended to impose such a burden on patentees. Through various provisions of the America Invents Act, Congress signaled that it intended IPR proceedings as cost-and-

time-efficient alternatives to district court litigation, and not as a forum to relitigate previously settled questions. One such provision, revised 35 U.S.C. § 301(a)(2), applies this principle to claim construction. That provision allows the PTO to consider statements previously made by the patent owner in a patent office or district court proceeding for the purpose of "determin[ing] the proper meaning of a patent claim in a proceeding that is ordered or instituted pursuant to section 304 [*ex parte* reexamination], 314 [IPR], or 324 [post-grant review]." 35 U.S.C. § 301(d). By indicating that such statements should be treated on an equal footing whether they come from PTAB proceedings or district courts, Section 301(a)(2) cuts against the notion that different claim-construction standards should be applied in evaluating them.[15]

* * * * *

At bottom, the PTAB has no valid reason and no valid power to insist upon the broadest-reasonable-interpretation standard in construing claims during IPR proceedings. Allowing that issue to fester further will not create an opportunity for new reasons to emerge. *See SEC v. Chenery Corp.*, 318 U.S. 80 (1943) (agency decision cannot be sustained on grounds not advanced by the agency during the administrative proceedings). IPR proceedings are, like patent cases in district court, *adjudications*—opposing sides present their case to neutral arbiters, who decide no more than whether the parties have carried their burdens of proof and persuasion. That was the very rationale for IPR, which replaced a fundamentally different system of

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[15] Nothing in the PTO's regulations interpreting Section 301(a)(2) indicates a contrary interpretation. *See* 37 C.F.R. § 1.501.

inter partes reexamination, in which the patent examiner did not act as an arbiter.[16] Because of factors like the broadest-reasonable-interpretation standard, however, an IPR has become a very different sort of adjudication—one where an artificial and unrealistic claim construction can and does result in the cancellation of the patent. The Federal Circuit will not stop it. This Court should—and soon.

B. Judicial Review Of Decisions To Institute IPR Proceedings Is An Exceptionally Important Issue Because The Federal Circuit's Decision Will Render Unreviewable A Wide Range Of Outcome-Determinative Legal Questions That Are Part Of The Decision To Institute Proceedings.

Congress has placed several firm statutory limits on the PTAB's cancellation authority. But because getting a patent before the PTAB for an IPR so often results in the patent's cancellation, patent challengers have every incentive to bend the PTAB's gates as widely as possible. And the PTAB has been receptive to those arguments, instituting IPR proceedings even when there are substantial arguments that the statute bars it from doing so. Relying on an unreasonable interpretation of the AIA that is entitled to no deference, the PTAB believes it has unbridled authority over the fate of patents. Yet the Federal Circuit will never get the chance to pass on those

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[16] *See Abbott Labs. v. Cordis Corp.*, 710 F.3d 1318, 1326 (Fed. Cir. 2013) ("The purpose of [IPR] was to 'convert[] inter partes reexamination from an examinational to an adjudicative proceeding.'").

important questions of reviewability, and will be forced to affirm PTAB invalidations that should have never occurred. That perverse result comes from the Federal Circuit's other holding in this case, that the PTAB's violation of statutory limitations on its power is judicially unreviewable. That holding, too, presents an important question that calls for this Court's speedy review.

Congress has limited the PTAB's power in a number of key ways. Yet the Federal Circuit's reasoning would abdicate review of all of these crucial determinations as well—allowing the PTAB to proceed without the check of judicial review. That result would, in all but name, neutralize the limitations on the PTAB that Congress wrote into the America Invents Act. The effective negation of several parts of the statute presents an important question in its own right. This Court should step in now, to ensure that the PTAB does not wholly slip its bounds.

1. The relevant statute, 35 U.S.C. § 314(d), states that "[t]he determination by the Director whether to institute an *inter partes* review shall be final and nonappealable." The Federal Circuit understood that statute to mean that *nothing* related to an IPR institution decision is reviewable, not even during the statutorily authorized appeal from the final written decision, *see* 35 U.S.C. §§ 141(c), 319. Pet. App. 7a.

That reasoning has tremendously broad significance for the administration of IPRs and similar PTAB proceedings. Under the IPR statute, several potentially outcome-determinative legal questions can be resolved in a decision to institute. The same is true under the similar statute authorizing the PTAB to conduct "post-grant reviews" (PGRs); decisions whether

to institute a PGR are made "final and nonappealable" under a statute materially identical to Section 314(d). *See* 35 U.S.C. § 324(e).[17]

Each of these legal questions reflects a statutory limit on the PTAB's power to invalidate patents. For instance, the petition seeking an IPR or a PGR must be filed within a particular time. *See* 35 U.S.C. §§ 311(c), 321(c). The statute gives the PTAB no power to excuse a late filing or to cancel a patent without a timely petition. Nor does the statute suggest that timeliness may only be addressed in a decision to institute. Yet the decision in this case has driven the Federal Circuit to abdicate review of timeliness decisions as well. Citing the decision below, the Federal Circuit held that the PTAB's determination as to the timeliness of a petition "does not impact the Board's authority to invalidate a patent claim" and is therefore "fairly characterized as part of the [unreviewable] decision to institute" *even if the timeliness issue is addressed in the final written decision. Achates Reference Publ'g, Inc. v. Apple Inc.*, 803 F.3d 652, 657–68 (Fed. Cir. 2015) (internal quotation marks omitted).

The statute contains a number of additional important procedural limitations, yet it appears that the decision in this case (and its application in *Achates*) would render them nonreviewable in the Federal Circuit as well. These include:

- Whether the challenge is barred by estoppel.[18] Again, there is no suggestion that

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[17] The PTAB also conducts "covered business method" reviews, the procedures for which are governed by the PGR statute. *See* Leahy-Smith America Invents Act, Pub. L. No. 112-29, § 18(a)(1), 125 Stat. 284, 330 (2011).

the PTAB must decide this issue at the institution stage; the statute limits the petitioner's ability to "maintain" the proceeding or to "assert" particular invalidity arguments.

- Whether the petition identifies the real parties in interest,[19] an important requirement that is necessary to enforce the estoppel provision.
- Whether the IPR petition is based on "patents or printed publications,"[20] or instead on other prior art that does not qualify for an IPR.

Under the Federal Circuit's understanding of appellate jurisdiction (or lack thereof), it appears that none of these issues will ever be reviewed by a federal court.[21] This Court's review is necessary to allow the

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[18] 35 U.S.C. §§ 315(e), 325(e).

[19] 35 U.S.C. §§ 312(a)(2), 322(a)(2).

[20] 35 U.S.C. § 311(b); *id.* § 312(a)(3)(A).

[21] The Federal Circuit has held that it *can* review whether a patent is a covered business method eligible for review under the special procedure for such patents, *see supra* note 17. *See Versata Dev. Grp., Inc. v. SAP Am., Inc.*, 793 F.3d 1306, 1320–21 (Fed. Cir. 2015) (distinguishing between unreviewable "determinations to initiate proceedings" and "limits on ultimate invalidation authority"). The government vigorously contested even that modest chink in its shield against judicial review, seeking rehearing en banc (which was denied). But any hope that *Versata* signaled new openness to judicial review was dashed when the Federal Circuit decided *Achates* a short time later, holding the PTAB's compliance with time limits judicially unreviewable.

process of interpreting these statutory requirements to begin.

2. Even if the jurisdictional question affected only the limitation at issue in this case—the requirement that the PTAB act only on the basis of grounds asserted in a petition—that limitation is an important one standing alone. Requiring the PTAB to act only on the basis of what is in the IPR petition ensures that the PTAB will not reach out to cancel patents on grounds of its own choosing—that it will only rule on contentions brought to it by the litigants. That may seem like a principle so basic it does not need stating. *Cf. Greenlaw v. United States*, 554 U.S. 237, 243 (2008) ("In our adversary system, in both civil and criminal cases, in the first instance and on appeal, we follow the principle of party presentation. That is, we rely on the parties to frame the issues for decision and assign to courts the role of neutral arbiter of matters the parties present."). But as this case illustrates, sometimes the PTAB will decide to institute an IPR on grounds that *no party has advanced*. *See* Pet. 6.

Section 314(a) states the PTAB "may not authorize" institution of IPR proceedings unless it makes a determination based on "information presented in the petition filed under section 311 and any response filed under section 313." The petition, in turn, is limited to (1) "requests to cancel as unpatentable 1 or more claims of a patent" (2) "on a ground that could be raised under section 102 or 103" and (3) on the "basis of prior art consisting of patents or printed publications." 35 U.S.C. § 311(b). The PTAB thus cannot simply institute an IPR to cancel a patent it thinks needs canceling.

Yet under the decision below, the PTAB can simply reach out and do just that, immune from judicial review. This Court should restore "the strong presumption that Congress intends judicial review" of important legal questions in administrative actions. *See Bowen v. Mich. Acad. of Family Physicians*, 476 U.S. 667, 670 (1986) (citation omitted).

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The answer to the first question presented by the petition will inform the answer to the second. If the PTAB is allowed to apply the broadest-reasonable-interpretation standard, thereby maintaining a dichotomy where the choice of forum determines the outcome, the restrictions Congress placed on the PTAB's jurisdiction and authority to institute proceedings become all the more important. This Court should therefore consider both questions together.

CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted.

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